

# *U.S. Embassy - Skopje*

## **ECON NEWSLETTER 11/2005**

### **2006 BUDGET IN FOCUS OF IMF MISSION VISIT**

Maintaining monetary and fiscal discipline in 2006, along with fulfilling the 0.6 percent budget deficit, are the main points in the message that International Monetary Fund (IMF) Head of Mission Mark Griffiths conveyed to the Macedonian authorities during discussions in the first week of November, that focused on the 2006 budget. Both Macedonian Minister of Finance Nikola Popovski and National Bank Governor Petar Gosev expressed satisfaction from the realization of the arrangement's objectives, adding that the macroeconomic policy showed results in reviving the economic activity.

### **MACEDONIA GETS POSITIVE OPINION ON ITS APPLICATION FOR EU MEMBERSHIP**

On November 9, Euro-Commissioner for Enlargement Olli Rehn said at a press conference that the European Commission (EC) unanimously recommends for Macedonia to get a candidate status for EU membership. "However, the Commission considers that negotiations for accession should be opened once the country reaches a sufficient degree of compliance with the membership criteria. The Commission will closely monitor developments in all areas in Macedonia and present a report to the Council on the country's progress by the end of 2006," Rehn said.

He considers that Macedonia's significant success is a result of the implementation of the Framework Agreement, although the country has to strengthen administrative capacity, implement the EU legislation and conduct serious reforms in judiciary and public administration. An official approval of the EC Opinion may happen at the EU Summit, scheduled for December, which will make Macedonia a candidate country for membership.

### **OVER 20 PERCENT OF MACEDONIAN CITIZENS LIVE IN ABSOLUTE POVERTY**

According to the World Bank and State Statistical Office joint report presented on November 9, 22 percent of the citizens in Macedonia live in absolute poverty, being unable to meet their basic needs. Out of those, 60 percent of them are in urban and 40 percent in rural areas. Unemployment, low salaries and improper social policy are notified as main reasons of poverty in Macedonia. World Bank Representative Sandra Bloemenkamp

said that poverty reduction requires accelerated economic development that will create conditions for new jobs.

#### **TWINNING PROGRAM OF MACEDONIAN, DUTCH CUSTOMS ADMINISTRATIONS**

Macedonian Customs Administration could play an important role for improving the business climate by building direct relations with customs institutions of EU member-countries, Dutch Ambassador to Macedonia, Frederique De Man said on November 14, at the signing of the agreement on twinning partnership between the Macedonian and Dutch Customs Administrations. The project will be implemented in the upcoming three years, with the objective of fraternizing the two administrations, providing timely and efficient collection of customs and other taxes, as well as preventing illicit goods' entry.

#### **JAPANESE GRANT FOR 17 HEALTH CENTERS IN MACEDONIA**

Macedonian Ministry of Health has received a grant from the Japanese International Cooperation Agency (JICA) for equipping 17 health centers in Macedonia with sophisticated medical equipment, including x-rays, echo devices, laboratory equipment, ambulance vehicles and other medical apparatus.

#### **COUNCIL OF EUROPE DEVELOPMENT BANK GRANTS LOAN FOR SPURRING EMPLOYMENT**

Minister of Finance Nikola Popovski, Director of Macedonian Bank for Development Promotion Voislav Bislimovski and Council of Europe Development Bank Vice-Governor Krzysztof Ners have signed on November 18, a loan agreement of Euro 10 million for creating and sustaining jobs with small and medium enterprises, employing below 50 people. Expectations are that this loan will create about 950 jobs.

#### **CONSUMER PRICE INDEX**

Macedonian State Statistical Office announced that the prices of goods and services for personal consumption, measured by the consumer price index (CPI), have increased in October 2005 by 0.7 percent on a monthly basis, and by 0.9 percent on an annual basis. Cumulatively, in the period January - October 2005, the CPI grew by 0.5 percent relative to the same period of the previous year.